

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE

IN THE MATTER OF THE INVESTIGATION ON )  
THE MOTION OF THE COMMISSION INTO THE )  
ADEQUACY OF BASIC TELECOMMUNICATIONS ) PSC DOCKET NO. 08-194  
SERVICES PROVIDED BY VERIZON DELAWARE )  
LLC (OPENED AUGUST 19, 2008) )

**SETTLEMENT AGREEMENT**

On this 29<sup>th</sup> day of October, 2009, Verizon Delaware LLC ("Verizon") or ("Company"), the Delaware Public Advocate ("Public Advocate"), and the Staff of the Delaware Public Service Commission ("Staff") (collectively, the "Settling Parties") hereby enter into this Settlement Agreement to resolve the issues raised in this proceeding.

**I. INTRODUCTION**

1. On August 19, 2008, the Commission, upon its own motion, entered Order No. 7433 to open this docket for the purpose of investigating the adequacy of basic telecommunications services provided by Verizon.

2. In Order No. 7433, the Commission observed that Staff conducts periodic reviews of the service quality performance of Verizon, especially regarding complaints of outages in areas served by older, copper telecommunications facilities.

3. On July 8, 2008, Staff presented to the Commission the results of its latest periodic review of Verizon's service quality, as reflected in Staff's July 8, 2008 memorandum to the Commission. The results indicated that while "service quality issues have improved on the whole, with few exceptions, since Staff and Verizon started [the review] process," the number of service complaints have trended upward since 2002 and, since 2006, Verizon has consistently failed to meet the Commission-established service objective for "out-of-service trouble reports cleared in 24 hours" and, at times, has missed the established objective for "repeated trouble reports."

4. As reflected in Order No. 7433, the Commission established this docket a) to conduct an investigation into the efficiency, sufficiency, and adequacy of basic services provided by Verizon over its copper facilities, and b) to investigate the extent to which Verizon Delaware LLC has met, and will in the future comply with, the objectives and reporting requirements set forth in the Commission's *Regulations Governing the Minimum Service Requirements for the Provision of Telephone Service for Public Use within the State of Delaware*, including (but not limited to) a review of customer service practices utilized by call center customer service representatives and, in particular, how Verizon "closes out" customer complaints.

5. During the course of this proceeding, the Settling Parties conducted substantial written discovery in the form of formal and informal data requests.

6. Senior Hearing Examiner Ruth Ann Price conducted the following public comment hearings: a) in Wilmington on March 9, 2009, b) in Dover on March 10, 2009, and in Georgetown on March 11, 2009.

7. The Settling Parties have conferred in an effort to resolve all issues raised in this proceeding. The Settling Parties acknowledge that they differ as to the proper resolution of many of the underlying issues in this proceeding. Notwithstanding these differences, the Settling Parties have agreed to enter into this Settlement Agreement on the terms and conditions contained herein, because they believe that this Settlement Agreement will serve the interests of a) the public, b) Verizon's customers, and c) Verizon. The Settling Parties agree that, subject to the approval of the Senior Hearing Examiner, the terms and conditions of this Settlement Agreement will be presented to the Commission for the Commission's approval forthwith.

## II. SPECIFIC SETTLEMENT PROVISIONS

8. **Performance Improvement Plan.** Verizon-DE will work with Staff and the Public Advocate to develop a detailed performance improvement plan within 90 days of the Commission's approval of this Settlement Agreement. Specific areas to be addressed will include the following: a) Out-of-Service Trouble Clearing Time, b) percentage of Repeated Trouble Reports, and c) Business Office Answer Time.

The performance improvement plan will address employee training issues focusing on improving service to customers served by copper distribution facilities. Training emphasis will include techniques for ensuring weather-resistant copper cable enclosures.

9. **Monitoring.** Verizon will continue monitoring performance results in the same manner that it has during the Commission's investigation for the following five categories of service quality measurements: a) Primary Service Order Installations, b) Customer Trouble Reports, c) Out-of-Service Trouble Clearing Time, d) Repeated Trouble Reports, and e) Installation Commitments Met. Verizon will provide this information to Staff and the Public Advocate on a confidential basis upon request. Verizon will also work with Staff and the Public Advocate to develop a method for Verizon to address any service quality concerns identified by the performance results monitoring.

10. **Reports.** (a) Verizon will perform a review of, and provide Staff and the Public Advocate with a report describing, its processes and procedures used to track customer complaints and trouble reports. Such review is intended to provide assurance to the Commission that Verizon's procedures and systems properly handle trouble reports from the time a trouble report is received until it is closed out. The report will include a review of (i) the appointment, testing, and dispatch processes;

(ii) an examination of opportunities for enhancing the ability of Verizon's databases to share information; (iii) any prompting mechanisms for service technicians; and (iv) an evaluation of the vScrub process and the effectiveness of its automated line testing system. After the report is submitted to Staff and the Public Advocate, Verizon and its subject matter experts will meet with the Staff and the Public Advocate to address any questions resulting from the Report.

(b) Verizon will perform an analysis of the Company's business office answer time processes and performance reporting issues. The analysis will include all issues related to business office answer time performance including, if applicable, the timing delays caused by voice response menu systems that may impact waiting times and/or performance results.

11. **Quarterly Reporting and Review.** (a) Verizon will submit a quarterly report of "bypass" conditions. For purposes of this Settlement Agreement, "bypass" is defined as a temporary facility to bypass defective sections of cable.

(b) Verizon will provide the Staff and the Public Advocate with data quarterly showing its performance in Delaware for appointments met with respect to repair service.

(c) Verizon will meet with Staff and the Public Advocate on a quarterly basis to discuss its efforts regarding Verizon's infrastructure improvement projects.

12. **Duration.** The requirements in paragraphs 8 through 11 above will remain in effect, through December 31, 2011, and will be effective under normal operating conditions. Normal operating conditions means service conditions within Verizon's control. In the event service conditions arise that are not within Verizon's control, (a) the Commission may waive any requirements, or (b) Staff and the Public Advocate may, with the Commission's approval, stipulate to a suspension of any requirements. Conditions not within Verizon's control include, but are not limited to, emergency conditions such as extreme weather, acts of God, natural disasters, civil disturbances, acts of vandalism, and work stoppages.

### **III. ADDITIONAL PROVISIONS AND RESERVATIONS**

13. The provisions of this Settlement Agreement are not severable.

14. This Settlement Agreement represents a compromise for the purposes of settlement and shall not be regarded as having any precedential effect in any future proceeding involving one or more of the Settling Parties, or any other person or regulated entity of any kind. However, consistent with and subject to the provisos expressly set forth below, this Settlement Agreement shall preclude any Settling Party from taking a contrary position with respect to issues specifically addressed and resolved herein in proceedings involving the review of this Settlement Agreement. Except as expressly set forth in this Agreement, none of the Settling Parties waives any rights it may have to take any

position in future proceedings regarding the issues in this proceeding, including positions contrary to positions taken herein or previously taken.

15. In the event that this Settlement Agreement does not become final, each of the Settling Parties reserves its respective rights to submit testimony, file briefs, or otherwise take positions as it deems appropriate in its sole discretion to litigate the issues in this proceeding.

16. This Settlement Agreement shall become fully effective upon the Commission's issuance of a final order approving this Settlement Agreement and all the settlement terms and conditions without modification. After the issuance of such final order, the terms of this Settlement Agreement shall be enforceable.

17. This Settlement Agreement resolves all of the issues specifically addressed herein and/or raised in this proceeding. The Settling Parties hereby irrevocably waive any right to appeal any Commission order approving this Settlement Agreement without modification. However, this Settlement Agreement is made without admission against or prejudice to any factual or legal positions which any of the Settling Parties may assert (a) in the event that the Commission does not issue a final order approving this Settlement Agreement without modifications; or (b) in other proceedings before the Commission or other governmental body so long as such positions do not attempt to abrogate this Settlement Agreement. This Settlement Agreement is determinative and conclusive of the issues addressed herein and, upon approval by

the Commission, shall constitute a final adjudication as to the Settling Parties of all of the issues addressed herein.

18. This Settlement Agreement is expressly conditioned upon the Commission's approval of each of the specific terms and conditions contained herein without modification. If the Commission fails to grant such approval, or modifies any of the terms and conditions herein, this Settlement Agreement will terminate and be of no force and effect. The Settling Parties agree that each term of this Settlement Agreement is an integral part of the whole. If this Settlement Agreement is not accepted in full by the Commission, each Settling Party reserves the right to oppose any aspect of this Settlement Agreement including those aspects which the Commission has accepted without modification.

19. It is expressly understood and agreed that this Settlement Agreement constitutes a negotiated resolution of the issues in this proceeding. The Settling Parties shall make their best efforts to support this Settlement Agreement and to secure its approval by the Commission.

20. Each of the Settling Parties has cooperated in the drafting and preparation of this Settlement Agreement. Consequently, the interpretation of this Settlement Agreement shall not be construed either "for" or "against" any Settling Party based upon the party's status as the drafter of any particular provision of this Settlement Agreement, or this Settlement Agreement as a whole.



21. This Settlement Agreement shall be governed by, construed, and interpreted in accordance with the substantive laws of the State of Delaware without giving effect to its conflict of laws principles.

22. This Settlement Agreement may be executed in counterparts, and each counterpart shall constitute part of the original Settlement Agreement.

23. Each signatory represents that he or she has the authority to bind the Settling Party for whom the signatory executes this Settlement Agreement.

Intending to legally bind themselves and their successors and assigns, the undersigned Settling Parties have caused this Settlement Agreement to be signed by their duly authorized representatives.

Verizon Delaware LLC

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Delaware Public Service Commission

Staff

Dated: 10/29/09

By: Brene H. Bueat

Public Advocate

Dated: 11/8/09

By: 

21. This Settlement Agreement shall be governed by, construed, and interpreted in accordance with the substantive laws of the State of Delaware without giving effect to its conflict of laws principles.

22. This Settlement Agreement may be executed in counterparts, and each counterpart shall constitute part of the original Settlement Agreement.

23. Each signatory represents that he or she has the authority to bind the Settling Party for whom the signatory executes this Settlement Agreement.

Intending to legally bind themselves and their successors and assigns, the undersigned Settling Parties have caused this Settlement Agreement to be signed by their duly authorized representatives.

Dated: October 29, 2009

Verizon Delaware LLC

By: 

Title: President, Verizon Delaware LLC

Delaware Public Service Commission

Staff

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Public Advocate

Dated: \_\_\_\_\_

By: \_\_\_\_\_